

**Rx Price Watch**

# Price Growth for Brand Name and Specialty Drugs More Than Offset Substantial Price Decreases for Generic Drugs

In 2013, retail prices for a combined set of 622 widely used prescription drugs increased by an average of 9.4 percent. In contrast, the general inflation rate was 1.5 percent over the same period.

The average annual increase in retail prices for the AARP combined set of drug products exceeded the corresponding rate of general inflation every year from 2006 through 2013. These findings are attributable entirely to drug price growth among brand name and specialty drugs, which more than offset often substantial price decreases among generic drugs.

In 2013, the average cost of a drug was more than \$11,000 per drug per year for widely used prescription drugs. This cost was:

- Almost three-quarters of the average Social Security retirement benefit (\$15,526),
- Almost half of the median income for Medicare beneficiaries (\$23,500), and
- More than one-fifth of the median US household income (\$52,250).

Prescription drug price increases also affect employers, private insurers, and taxpayer-funded programs like Medicare and Medicaid. Spending increases driven by high and growing drug prices will eventually affect all Americans in some way.

Those with private health insurance will pay higher premiums and cost sharing for their health care coverage. Over time, it could also lead to higher taxes and/or cuts to public programs to accommodate increased government spending.

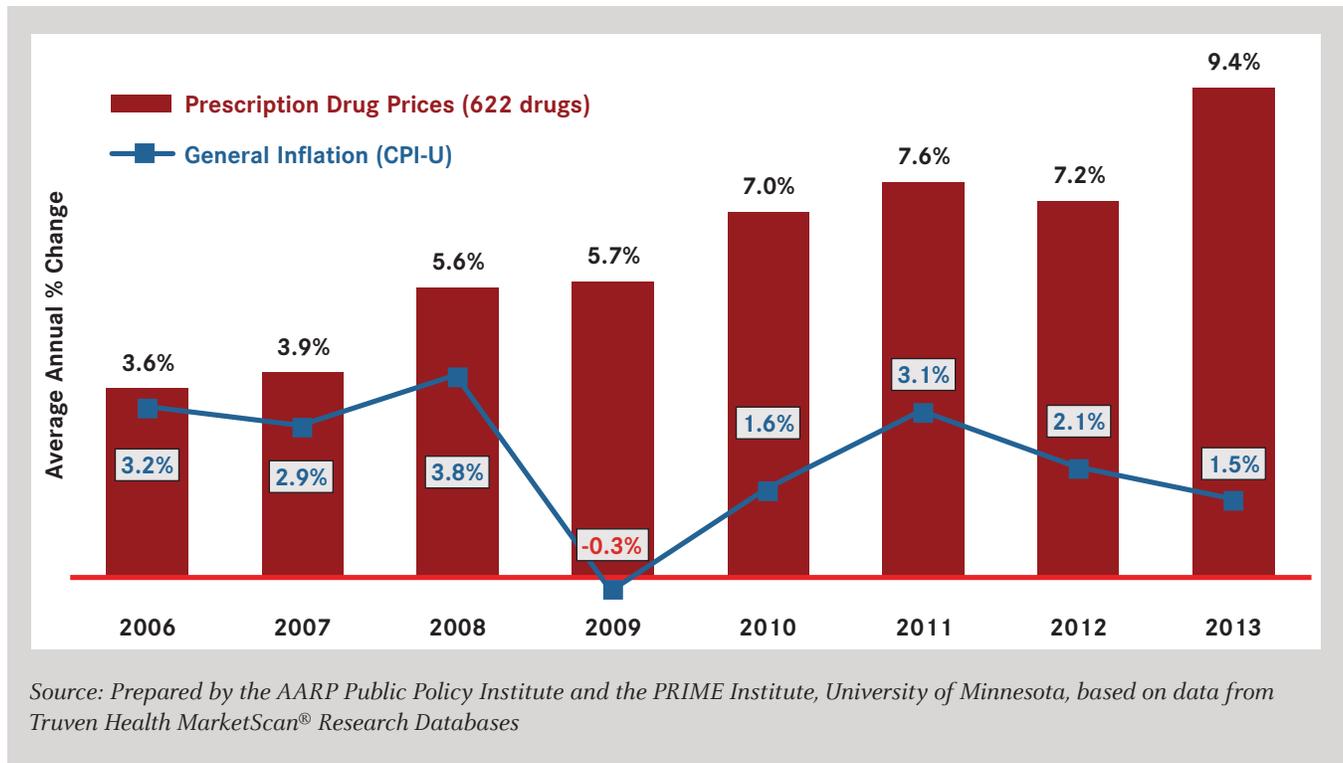
If these trends continue, older Americans will be unable to afford the prescription drugs that they need, leading to poorer health outcomes and higher health care costs in the future.

Policy makers interested in reducing the impact of prescription drug prices should focus on options that support innovation while also protecting the health and financial security of consumers and taxpayer-funded programs like Medicare and Medicaid.



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**FIGURE 1**  
**Average Annual Prescription Drug Price Change Substantially Higher in 2013**



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